



Burnett

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 26, 2004

Lori Wrotenberg

Director

Oil Conservation Division

Burnett Oil Co., Inc.
Burnett Plaza - Suite 1500
801 Cherry Street - Unit #9
Fort Worth, Texas 76102-6881

Attention: James H. Arline

Re: Administrative application for an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for Burnett Oil Co., Inc. ("Burnett") to drill its proposed Gissler "A" Well No. 21 at an unorthodox Paddock oil well location 2310 feet from the North line and 1400 feet from the East line (Unit G) of Section 14, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, within a standard 40-acre oil spacing and proration unit for the Undesignated Loco Hills-Paddock Pool (96718) comprising the SW/4 NE/4 of Section 14.

Dear Mr. Arline:

Your application (*administrative application reference No. pMES0-402337411*) indicates that this unorthodox location is sought because; "Our original spot of 1650' from the East line for a standard location was moved by order of the Bureau Of Land Management at the time of staking." In reviewing the support data submitted with your application, it is not clearly established why the entire "standard window", or the area within Unit "G" that is 330 feet from the quarter-quarter section line, is inaccessible for a well pad. There appear to be locations to the north, west, and northwest within the Unit "G" of Section 14 that meet the 330 set back requirements for 40-acre spacing. Further, the Division's records indicate Burnett operates a Grayburg Jackson well (Grayburg Jackson SA Unit Well No. 23; API No. 30-015-04155) at a standard oil well location in Unit "G" of Section 14, 1650 feet from the North line and 2310 feet from the East line; why couldn't Burnett twin this well on the existing well pad? If absolutely necessary, why couldn't the Gissler "A" Well No. 21 be directionally drilled from the proposed surface location back at least to the nearest standard oil well location.

The conservation rules in all oil and gas producing states governing well spacing and the placement of these wells within such drilling tracts and proration units have been enacted to promote the orderly development of that states valuable oil and gas resources by preventing waste, protecting correlative rights, and preventing the drilling of unnecessary wells. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues.

2:50 PM (2-3-2004) Jim Arline called to confirm this

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe, New Mexico 87505
Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>

*e-mail
was submitted
received.
md.*

*10:00 AM Feb. 2nd
Talked w/ Sterling Randolph
about why this appl. was denied.
Will fax the re-submitted today.
M. Sly*

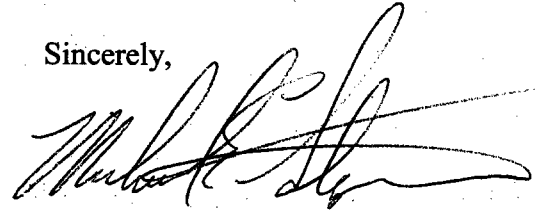
*1:45 PM 2-2-04
Talked w/ S. Randolph again. Will
submit appl. by e-mail.
M. Sly*

Burnett Oil Co., Inc.
January 26, 2004
Page 2

Administrative Application Reference No. pMES0-402337411

This unorthodox oil well location, deemed unnecessary and unwarranted at this time, is therefore **denied** and is being returned to you. Should Burnett wish to resubmit this application instead of moving the well to a standard location, please refer to the attached information containing guidelines for such well location exceptions.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
U. S. Bureau of Land Management – Santa Fe
U. S. Bureau of Land Management - Roswell

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

NSL

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- ☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
- ☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- ☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

RECEIVED
JAN 22 2004
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, U, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

STERLING RANDOLPH
Print or Type Name

Sterling Randolph
Signature

PETROLEUM ENGINEER
Title

1/21/2004
Date

6666

January 21, 2004

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

Attn: Engineering Department

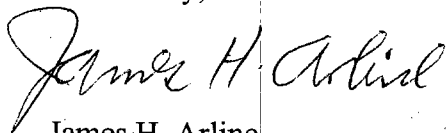
Re: Gissler A #21
Unit G, 2310' FNL, 1400' FEL
SEC.14, T17S, R30E- Eddy County, New Mexico

Gentlemen:

Burnett Oil Co., Inc. respectfully request an exception without notice and hearing to NMOCD Rule 104 for the Gissler A #21 new drill (Loco Hills Paddock) well. Our original spot of 1650' from the East line for a standard location was moved by order of the Bureau Of Land Management at the time of staking. The flow line will go to our Gissler A #2 tank battery on the lease. The attached plat shows we are the Operator of Record for all the wells on all sides of this well site. **All of the interest ownership for this entire lease is exactly the same.** A copy of our approved 3160-3, the archaeological survey for the area and AFE approval letter from the working interest owners are included for your easy reference.

Please contact the undersigned if you should need any more information or have any question.

Yours truly,



James H. Arline
Materials Coordinator

OPERATOR'S COPY

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

A. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

B. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

C. NAME OF OPERATOR

BURNETT OIL CO., INC (817/332-5108)

D. ADDRESS OF OPERATOR

801 CHERRY STREET, SUITE 1500, FORT WORTH, TEXAS 76102

E. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface UNIT G, 2310' FNL, 1400' FEL

At proposed prod. zone

SAME AS SURFACE

F. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

APPROXIMATELY 6 MILES EAST OF LOCO HILLS, NEW MEXICO

G. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

330'

H. NO. OF ACRES IN LEASE

600

I. NO. OF ACRES ASSIGNED
TO THIS WELL

40

J. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

330'

K. PROPOSED DEPTH

5250'

L. ROTARY OR CABLE TOOLS

ROTARY

M. ELEVATIONS (Show whether DF, RT, GR, etc.)

3692' GR

ROSWELL CONTROLLED WATER BASIN

N. APPROX. DATE WORK WILL START*

OCTOBER 28, 2003

O.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	500'	+/-400 Sks(Circ. to Surface)
7 7/8"	5 1/2"	15.50#	5200'	+/-1500 Sks in 2 Stages
				(If water flows are encountered cementing program may vary.)

A 12 1/4" hole will be drilled to Rustler Anhydrite. We will set 8 5/8" casing @ this depth & cement to surface. After a 18 hour cement wait, casing & BOP will be tested before drill out of the shoe. A 7 7/8" hole will be drilled to approx. 5200' to effectively test the Cedar Lake Yeso interval. The 5 1/2" casing will be run and set @ TD and cemented to 600' above highest potential producing horizon(approx. 2100'). We will perforate and treat productive intervals as recommended by service company.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Stefany Landwehr TITLE PETROLEUM ENGINEER

DATE 9/24/03

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY John J. Lars
CONDITIONS OF APPROVAL, IF ANY:

TITLE Acting FIELD MANAGER

DATE 11/18/03

APPROVAL FOR 1 YEAR

*See Instructions On Reverse Side

**TITLE PAGE/ABSTRACT/
NEGATIVE SITE REPORT
CFO/RFO**

1/03

1. BLM Report No.		2. Reviewer's Initials/Date _____ ACCEPTED () REJECTED ()		3. NMCRIS No.: 85264	
4. Type of Report: Negative(X) Positive ()					
5. Title of Report: Class III archaeological survey of a pad and flowline for the Gissler A well No. 21. Author(s): Ann Boone				6. Fieldwork Date(s) from 25 September, 2003 to	
				7. Report Date: 25 September, 2003	
8. Consultant Name & Address: Boone Archaeological Services 2030 North Canal Carlsbad, NM 88220 Direct Charge: Danny Boone Field Personnel Names: Danny Boone Phone: (505) 885-1352				9. Cultural Resource Permit No.: 190-2920-03-C	
				10. Consultant Report No.: BAS 09-03-22	
11. Customer Name: Burnett Oil Company, Inc. Responsible Individual: James H. Arline Address: Burnett Plaza – Suite 1500 801 Cherry Street – Unit No. 9 Fort Worth, Texas 76102 - 5108 Phone: (817) 332-5108				12. Customer Project No.: None	
13. Land Status	BLM	STATE	PRIVATE	OTHER	TOTAL
a. Area Surveyed (acres)	10.65 (-/+)	0	0	0	10.65 (+/-)
b. Area of Effect (acres)	4.8 (+/-)	0	0	0	4.8 (-/+)
14. a. Linear: Length; 1,600' (-/+) Width; 130' b. Block: 600' x 600'					
15. Location: (Maps Attached if Negative Survey) a. State: New Mexico b. County: Eddy c. BLM Office: Carlsbad d. Nearest City or Town: Loco Hills, NM e. Legal Location: T 17S, R R30E, Sec. 14; Pad SW NE, SE NE, Flow Line SE NE, NE SE, NW SE f. Well Pad Footages: 2310 FNL 1400 FEL g. USGS 7.5 Map Name(s) and Code Number(s): LOCO HILLS, New Mexico (Prov. Ed. 1985) 32103-G8					

16. P

s) of BLM File Review: 24 September, 2003
of ARMS Data Review: 22 September, 2003

Name of Reviewer (s): Ann Boone
Name of Reviewer (s): Ann Boone

Findings (see Field Office requirements to determine area to be reviewed during records search):

LA 60673, LA 53650, LA 90196, LA 53757, LA 53756, LA 43696, LA 44823, LA 25660, LA 58944, LA 53056, LA 54205, LA 64898, LA 33017, LA 69453 and LA 137054 (appears two times) are within 1.0 mile

b. Description of Undertaking:

This pad is staked as a 400' x 400' and the 600' x 600' pad survey area is an estimation. There is an existing northwest to southeast trending lease road that passes through the northern portion of the pad survey area. The proposed flowline exists the drill hole trending southeast on the southeast side of the access road then turns south following a surface steel pipeline crossing at least one buried pipeline and one lease road. Approximately 300' of the flowline is within the pad survey area, and an estimated 350' is within BLM Project No. 03-579 and another 150' at the EOL is within the pad for the Tank Battery. Location, footage and acres for the flowline are an estimation based on a hand held GPS Unit.

c. Environmental Setting (NRCS soil designation; vegetative community; etc.):

Topography: The pad is in a depression with a braided surface where parabolic dunes are forming, the flowline crosses a small rocky hill onto a sandy plain.

Vegetation: Approximately 35% ground cover, mesquite, yucca cactus, broom snakeweed, mormon tea, various grasses and other flora.

NRCS: Kermit-Berino association: Sandy, deep soils from wind-worked mixed sand deposits

d. Field Methods: (transect intervals; crew size; time in field, etc.):

Transects: For the pad a grid of parallel transects spaced 15 meters or less, for the flowline 2 transects spaced up to 10 meters apart on each side of staked centerline.

Crew Size: One

Time in Field: 4.0 hrs.

e. Artifacts Collected (?): None

17. Cultural Resource Findings:

a. Identification and description: None

b. Evaluation of significance of Each Resource: None

18. Management Summary (Recommendations):

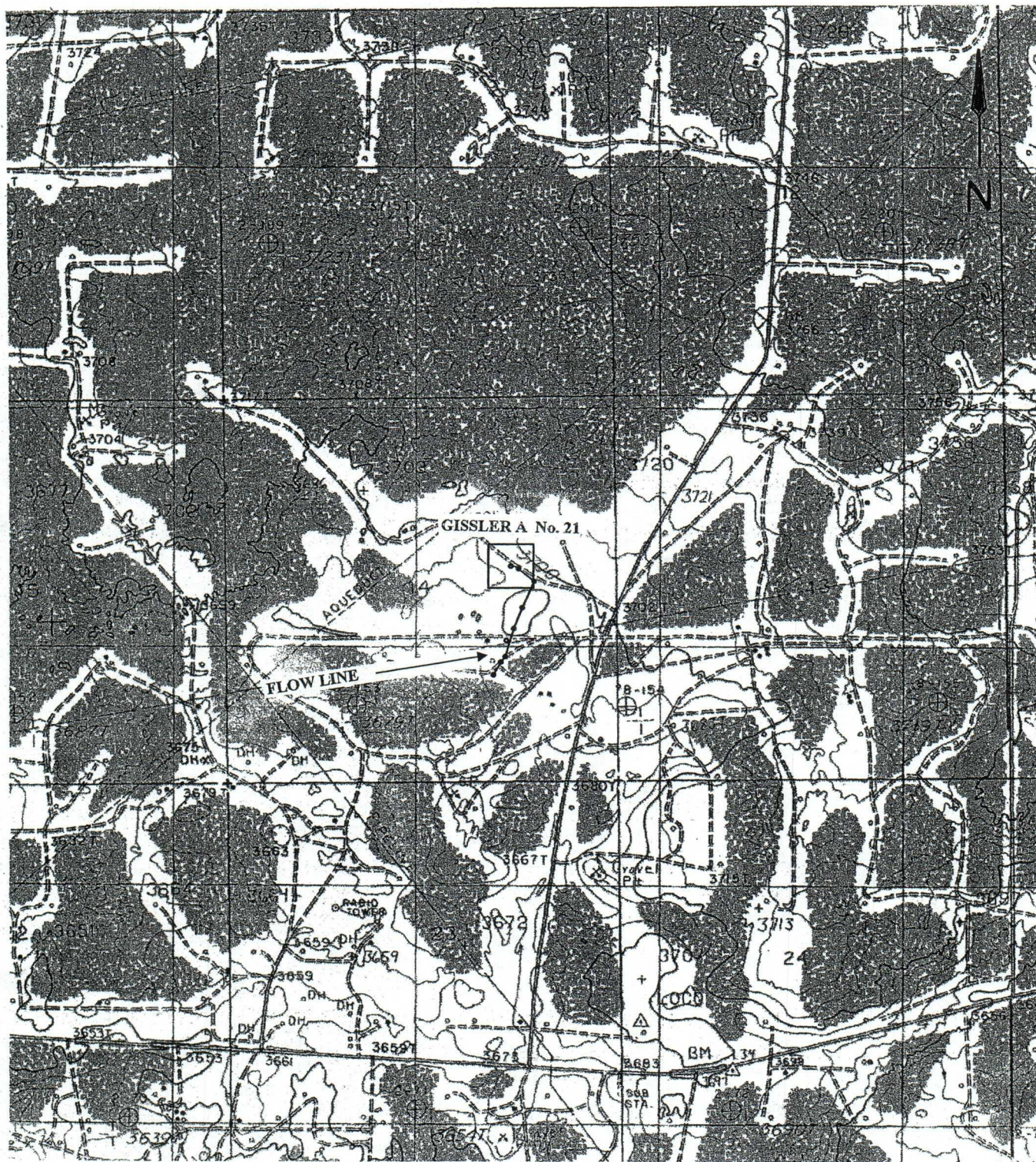
Archaeological clearance of a pad and flowline for the Gissler A well No. 21 for Burnett Oil Company, Inc. as presently staked is recommended. If cultural resources are encountered at any time all activity should cease and the BLM Archaeologist notified immediately.

19. I certify that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist

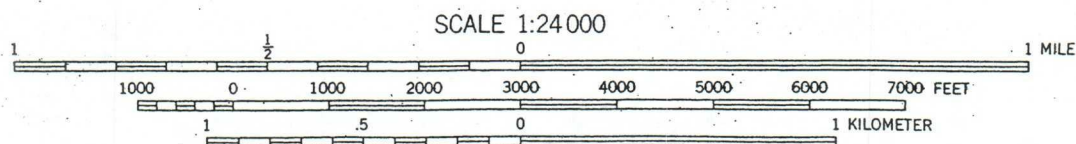
Signature

Date



Location Map of Gissler A well No. 21 and flow line in Section 14, T 17S, R 30E, NMPM, Eddy County, New Mexico.

Map Reference: USGS 7.5' Series; LOCO HILLS, New Mexico (Prov. Ed. 1985) 32103-G8



6666

AFE-03-0575A

September 24, 2003

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210
Attn: Dr. Dave Boneau

Re: Gissler A #21
Unit G, 2310' FNL, 1400' FEL
SEC.14, T17S, R30E- Eddy County, New Mexico

Dear Dr. Boneau:

We propose to drill the referenced new well to test the Cedar Lake, Yeso zone. NMOCD wants the zone called Loco Hills Paddock. The location selected is a standard forty (40) acre tract.

We request your approval on behalf of Yates Drilling, Abo Petroleum, Myco Industries and Yates Petroleum to complete this work. Please signify your approval by signing and returning a copy of this letter and the enclosed AFE and this letter as soon as possible. A copy of the unapproved APD is enclosed for you file.

Please contact our Mr. Sterling Randolph or the undersigned if you need additional information.

Yours truly,

James H. Arline
James H. Arline
Materials Coordinator

☒ Approve new well

Working Interest Owner

Dave Boneau

ENGINEERING MANAGER

DATE 10-10-03

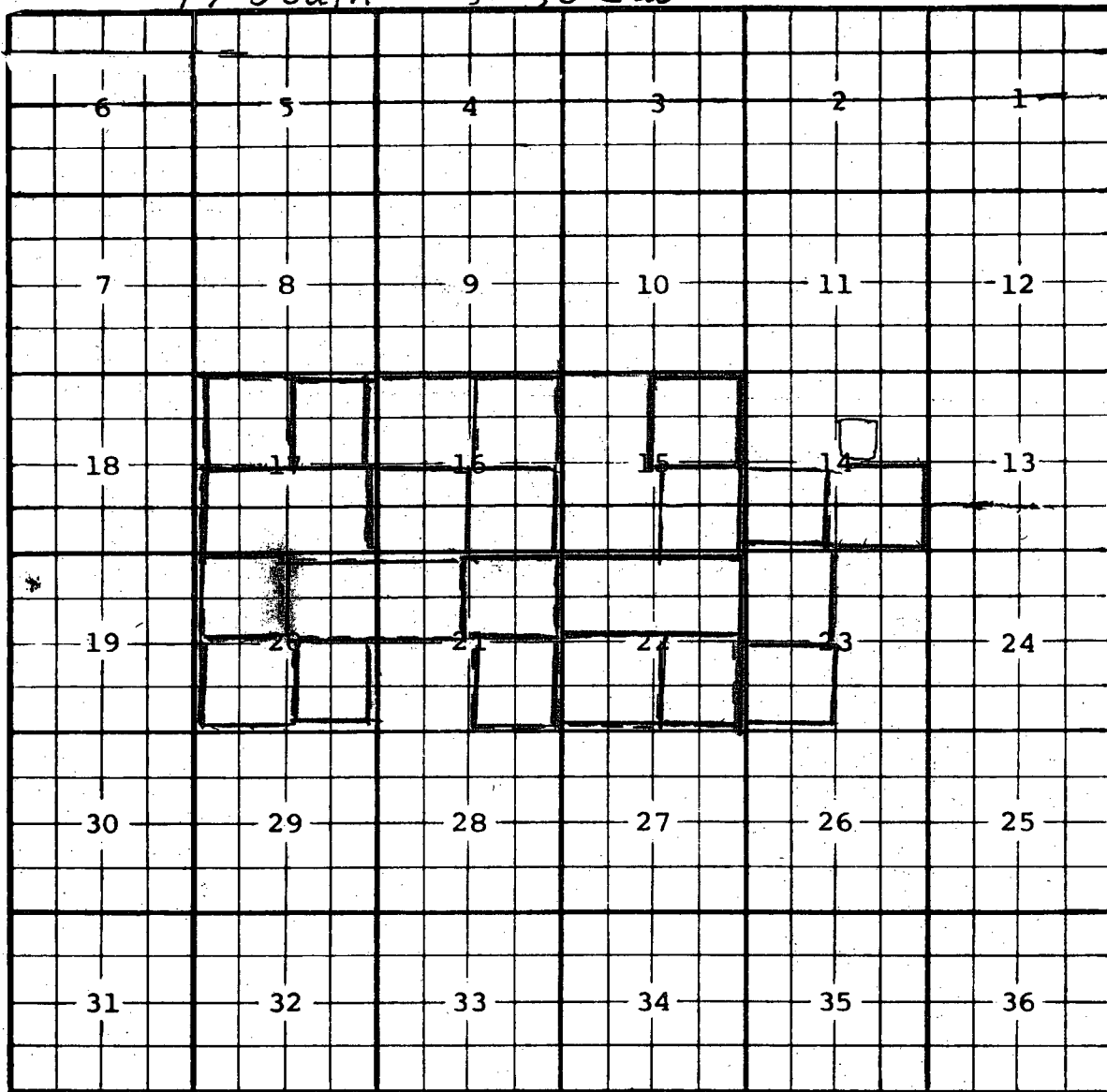
DATE

Sec : 14 Twp : 17S Rng : 30E Section Type : NORMAL

D 40.00 Federal owned A	C 40.00 Federal owned A	B 40.00 Federal owned A A	A 40.00 Federal owned A
E 40.00 Federal owned A	F 40.00 Federal owned A A	G 40.00 Federal owned A	H 40.00 Federal owned A A
L 40.00 Federal owned A A A	K 40.00 Federal owned A A A	J 40.00 Federal owned A A	I 40.00 Federal owned A A
M 40.00 Federal owned A A A A	N 40.00 Federal owned A A	O 40.00 Federal owned A	P 40.00 Federal owned A

County Eddy Pool Loco Hills-Paddock

TOWNSHIP 17 South Range 30 East NMPM



Description: NW 1/4 Sec. 20 (R-10822, 6-17-97)

Ext: NE 1/4 Sec. 20, NW 1/4 Sec. 21 (R-10951, 2-4-98)

Ext: S 1/2 Sec. 17, SE 1/4 Sec. 20, NE 1/4 Sec. 21 (R-11003, 2-24-98)

Ext: SW 1/4 Sec. 20 (R-11067, 10-20-98) Ext: N 1/2 Sec. 22 (R-11097, 12-10-98)

Ext: NE 1/4 Sec. 17, SE 1/4 Sec. 22 (R-11120, 1-21-99) Ext: SE 1/4 Sec. 21 (R-11220, 7-1-

Ext: SE 1/4 Sec. 21 (R-11220, 7-13-99) Ext: SW 1/4 Sec. 22, SW 1/4 Sec. 23 (R-11244, 9-15-99)

Ext: SE 1/4 Sec. 15, NW 1/4 Sec. 16 (R-11277, 11-15-99)

Ext: SW 1/4 Sec. 14, SE 1/4 Sec. 16 (R-11384, 5-25-00) Ext: NE 1/4 Sec. 16 (R-11544, 8-13-01)

Ext: W 1/2 Sec. 15 (R-11588, 5-7-01) Ext: NW 1/4 Sec. 16, NW 1/4 Sec. 17 (R-11678, 10-23-01)

Ext: NE 1/4 Sec. 15 (R-11908, 2-12-03) Ext: NW 1/4 Sec. 23 (R-11963, 5-13-03)

Ext: SE 1/4 Sec. 14 (R-12083, 1-14-04)

Well No : 023
GL Elevation: 3712

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	---	---	-----	-----	-----
B.H. Locn : G	14	17S	30E	FTG 1650 F N	FTG 2310 F E		A
Lot Identifier:							
Dedicated Acre:							
Lease Type : F							
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

```
PF01 HELP      PF02      PF03 EXIT      PF04 GoTo      PF05      PF06
PF07      PF08      PF09      PF10 NEXT-WC PF11 HISTORY PF12 NXTREC
```